LUJO BRENTANO

What Germany has paid

under the treaty of Versailles

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Editor's Preface.

Numerous inquiries addressed to me from England, America and France make me feel convinced of the astonishing ignorance. which prevails abroad concerning what reparations have hitherto been effected by Germany. In some letters I have been asked whether it is a fact that Germany has paid nothing at all. Poincaré's speeches reported broadcast in all countries continue to disseminate this mistake constantly. I therefore willingly consented, when requested, to edit the present careful survey of Germany's payments. I believe I can warrant the correctness of the data therein given.

Prien am Chiemsee, the 20th September 1923.

Lujo Brentano,
Professor at the University of Munich.

Germany's Payments under the Treaty of Versailles.

The assertion that Germany has so far done practically nothing towards the fulfilment of her reparation obligations is one of the favourite weapons in the armoury of Germany's adversaries. M. Poincaré, in particular, has during the past two years neglected no opportunity of declaring, with well-feigned indignation, that Germany has made no payments whatever and that she is endeavouring by all means at her command to escape her obligations. Yet day after day between September 1919 and January 11, 1923 a coal train *) of 50 trucks crossed the German frontier every quarter of an hour all for the purpose of supplying French, Belgian and Italian industries without any consideration in return. This was hardly an indication of bad faith on the part of Germany.

And these coal deliveries, which amounted in round figures to a total of 54 000 000 tons with a value of 2 424 million gold marks (£ 121 000 000) are only a small part of the vast tribute that Germany has paid to her former enemies from the conclusion of the Armistice down to December 31st, 1922. The total of this tribute has been variously estimated as follows: —

1. According to the official figures of the Reparation Commission at 7 940 426 000 gold marks (about £ 397 000 000).
2. According to the calculations of the eminent French economist Professor Charles Gide at about 14 000 million gold marks (£ 700 000 000).
3. According to calculations made by Mr. Charles H. Grasty,**) European correspondent of the "New York Times", at 15 400 million gold marks (£ 770 000 000).

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*) Including reparation coals delivered by barge.

**) Mr. Grasty says that some of the items — particularly the payments in kind — might well be put at a higher figure and that his total does not include the value of the German submarine cables and the German colonies. He adds: "I submit that no person in possession of the facts and data of the Reparation Commission as herein set forth can subscribe to the doctrine that Germany has come off scot-free from the war and is gleefully and successfully avoiding payment. That is a doctrine kept afloat to sustain hue and cry against the Germans and prevent the formation of fair and steady public opinion that would promote a businesslike settlement."

4. According to the calculations of the Washington Institute of Economics 25 800 million gold marks *) (£ 1 290 000 000).

   The institute expressly says that this estimate is only provisional.

5. According to the latest German calculations at 41 600 million gold marks, or, in round figures, £ 2 000 000 000 (see the Summary).

   The last figure is — irrespective of the altered value of gold — equal to: —

   1. more than ten times the amount of the French indemnity paid to Germany in the years 1871—1873,
   2. about twenty times the value of the total average yearly out-put of coal in the German Empire before the War,
   3. more than fifteen times the value of the average yearly out-put of coal and lignite in the United Kingdom before the War,
   4. more than six times the value of the French imports for the year 1913,
   5. nearly four times the value of the German, English or American annual pre-war exports,
   6. four times the aggregate amount of the gold reserves of all the European Central Banks at the beginning of 1914,
   7. more than the total gold out-put of the world between 1900 and 1923.

The German figure includes only those payments which, according to the Treaty of Versailles, may be credited to the reparations account. Germany has, however, made certain other deliveries of which the total value is estimated at 14 300 million gold marks (£ 715 000 000). These deliveries, which impose as heavy a burden on the German economic system as the payments and deliveries on account of reparations, bring up the tribute of German industry during the four post-war years to a total, in round figures, of 55 900 million gold marks, or very nearly £ 2 800 000 000.

Further, no account has been taken in the calculation of the losses incurred by the surrender of Alsace-Lorraine and the German colonies and the German Imperial and State property in these countries, the capital value of which represents a very large additional sum.

Notwithstanding the disastrous economic consequences of the Ruhr invasion, Germany continued up to August 11, 1923 to fulfil her obligations towards those Powers that took no part in the invasion; she did so to the point of exhaustion, as is sufficiently demonstrated by an exchange rate of 7 million marks to the dollar prevailing at that date. During the seven months after the invasion of the Ruhr and in spite of losses caused by French and Belgian removals of values of all kinds in the Rhine and Ruhr districts Germany raised 255 million gold marks for reparation payments and entered into agreements making her responsible for a like sum. If Germany has since August 11th provisionally stopped payments in kind under the Treaty, pending the drastic measures

*) Up to September 30, 1922; cf. "Germany's Capacity to Pay", published for the Institute of Economics by the Mc Graw-Hill Book Company, New York and London, Chapter III pp 56—97.

necessary to restore some degree at least of stability to the German currency, no impartial person can regard this as a reason for doubting the intention of Germany to fulfil her obligations.

On the contrary, France and Belgium must be held responsible if, for a time, other claimants go away emptyhanded, since they have tried, in contradiction to the Treaty of Versailles, to obtain a preferential satisfaction of Franco-Belgian claims out of the bankrupt German estate to the detriment of the other creditors.

Such enormous payments as Germany has made in four years under the Treaty of Versailles have never before been made or imposed upon any people in history. The favourite French comparison between the way in which France fulfilled the obligations imposed on her by the Treaty of Frankfort and the way in which Germany has fulfilled the obligations imposed on her by the Treaty of Versailles in fact displays the magnitude of Germany's achievement. The big French reserves of gold and silver at a total of 5 milliard francs — coupled with the favourable fact that France was absolutely self-supporting — helped to prevent a depreciation of the franc, although the paper money was augmented during the war from 1470 million francs to about 3000 million francs. Moreover, France paid the indemnity by means of loans raised at home and abroad. Any direct levy upon private property as well as any considerable taxation could be avoided.*)

In three years, with the franc scarcely below par, with her credit intact and with the help of foreign loans imposed partly in Germany, France paid an indemnity of £ 200 000 000. But apart from the existence of actual reserves, what facilitated the rapid payment of this amount was, above all and in contradistinction to the present situation of Germany, the fact that French industry, from the moment that peace was concluded, knew the sum which had to be shouldered, since Germany fixed the amount immediately and unequivocally. Germany within four years without any foreign help and although her currency sank from 50 % below par to about 0,002 of its nominal value on December 31st,

*) See point 39 in the Note addressed by the British Government to the French and Belgian Governments on August 11, 1923. The passage runs as follows:

"39. Further, it may be pointed out that the recovery after the short campaign of 1870/71 of an indemnity equivalent to 4 milliards of gold marks — (a considerable percentage of which could be immediately covered in gold, and against which credit was given for the value of property in ceded territories, involving no actual expenditure by France beyond internal payments in compensation for the interests of French nationals dispossessed) — is not really comparable to the enforcement of a thirtythree fold claim against a country financially exhausted by four years of strenuous warfare and blockade. The ease, with which the indemnity imposed in 1871 was paid, was largely the result of the credit facilities which France was able to obtain. Germany has, on the other hand, suffered from a complete inability to obtain foreign loans, arising to a large extent from the long period which elapsed before her reparation liabilities were defined, and the world-wide uncertainty as to her ability to discharge them. Yet, in spite of this, it is fair to state, though his Majesty's Government are by no means satisfied with the performance, that Germany has in fact paid in respect of reparations and the cost of the armies of occupation, more than twice the amount exacted from France in 1871, as well as considerable sums in connection with the clearing offices and miscellaneous treaty obligations."

1922 produced the gigantic tribute of 41,6 milliard gold marks, solely in connection with the payments to be credited to reparation account.

The payments made to the Entente States by Germany under the Treaty of Versailles are multifarious. Besides the cash payments the most varied payments in kind have been made, e. g. deliveries of coal, timber, ships and railway material.

A comprehensive summary of these manifold payments is particularly necessary since so many conflicting estimates of their value have been published.

The figures given in the following summary are the result of careful calculations and have in every case been subjected to rigorous tests. Any errors in former calculations have been corrected.

I. Principles adopted in estimating the payments.

The valuation of property is an extremely difficult matter. Even in the case of a small landed property the estimates of several experts often differ considerably from one another. The difficulty naturally increases with the size and diversity of the estate. Seeing that the German reparation deliveries are undoubtedly the largest, most varied and most complicated transfer of property ever made by one nation to other nations, it is not surprising that the valuation of these deliveries has led to innumerable difficulties which are by no means yet overcome.

In estimating the German payments the ordinary market values have been taken. As a matter of fact, the damage to German economic life caused by the loss without compensation of the property delivered is, in many cases, considerably greater than that represented by the figures. For instance, the surrender of the mercantile fleet involved a much greater loss than that of the mere market value of the ships, since the whole economic system of the country was crippled by no longer having a merchant service of its own. In the annexed schedule this indirect loss is not taken into account and the figures represent merely the ordinary market values.

The estimation of the German claims on her former Allies — for particulars see page 11 Nr. 25 — is a different matter. The amount mentioned (nominal value) represents the loss which Germany suffered both by the cession of the claims and by the collapse of her allies. The objective value cannot be accurately ascertained; it is at present, for example, higher than at the date of the cession. Unquestionably the value of realisation will always be considerably lower than their nominal value. But apart from the fact that the value of realisation at present cannot be determined at all, the nominal value is chosen in the following, as it alone can provide a starting-point in any expert assessment of the German payments. Moreover, this is the method adopted also by the Allies in reference to the settlement of inter-allied debts.

Another point calls for remark. The Reparation Commission, which receives and books Germany's reparation payments for the various Entente Powers, has published its accounts and, as has already been said, its figures do not

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agree with those of the annexed schedule. There is a very good reason for this, namely that the Reparation Commission can book only the "reparation" payments, that is, the payments made by Germany on account of reparations as defined by the Treaty of Versailles. These include only certain categories of the total German payments, others being expressly excluded by the terms of the Treaty, according to which certain properties, such as the German State cables, are to be surrendered gratis without being credited to the reparations account. From the fact that these cables are not to be credited to Germany in the reparations account nobody will deduce that they are valueless and are not to be included among Germany's payments. This example alone is enough to show that there must be a considerable discrepancy between the actual total of Germany's payments and the figure published by the Reparation Commission, which represents only that part of those payments credited to a particular account.

Moreover, allowance must be made for the fact that the Reparation Commission has not yet completed the calculations for some of the deliveries which, by the provisions of the Treaty of Versailles, have to be credited to Germany against the debt for reparations, one example being the deliveries of railway rolling-stock under article 371 of the Treaty. Further, there are differences of opinion between the Reparation Commission and the German Government as to the valuation of many of the deliveries already made.

Hence, without in any way questioning the importance of the Reparation Commission's accounts, it must be said that they include only part of the German payments, namely the reparation payments proper. But the Treaty of Versailles did not confine itself to demanding from Germany payments and deliveries for the discharge of the reparation debt. On the contrary, numerous other obligations have been imposed on Germany, for example, the obligation to compensate all private persons being nationals of an Entente State for injuries caused by war-measures, the obligation to pay in gold all private debts owed by German nationals, the obligation to demolish all war material and military installations, the obligation to surrender the German State cables etc. All these items necessarily find no place in the accounts of the Reparation Commission, although they represent heavy sacrifices on the part of Germany and consequently a very real expenditure. To omit them, however, from the schedule here given would be unjustifiable, for it is clear that, in a complete list of the payments and deliveries made by Germany under the Treaty of Versailles, these items have just as much right to be included as have the cash payments and payments in kind on account of reparations. Only when all the payments and deliveries of every kind have been taken into account will it be possible to realise the strain on the German people and German industry involved in these payments and deliveries and the debilitation that has been the necessary consequence.

The following schedule contains both kinds of payments, which is essential to form an objective total survey of what Germany has paid.

II. The Various Payments.

The Schedule closes with December 31st. 1922.

All values are given in gold marks (ℳ): cf. the Table on last page.

A. The Reparation Payments.

i. e., the German payments to be credited to Reparation Account under the stipulations of the Treaty of Versailles.

a) Cash Payments.

		ℳ
1. Bills of exchange under the London Schedule of Payments handed over in August. 1921		1 001 613 715
2. Bills of exchange from January to July, 1922. under the Decisions of Cannes (January 13th. 1922) and the Moratorium of March 21st. 1922		368 036 002
3. Bills of exchange in payment of Treasury bills in favour of Belgium in accordance with the Note of August 31st. 1922. of the Reparation Commission		254 030 719
4. Paper marks paid to the Guarantee Committee from October 15th. 1921. to December 31st, 1921 (proceeds from customs and export levies) afterwards converted into bills of exchange		76 036 771
5. Proceeds of the custom duties levied in the Rhineland from March to September, 1921, under special sanctions. the yield being 1 379 000 000 paper marks. which, calculated at the exchange current at the time equalled . .		75 999 936
6. Various smaller credits in cash for:		
a) Payments of the costs of the offices appointed by the Entente to take over Germany's payments in kind	ℳ 3 230 660	
b) Payments to the reserve funds of the Reparation Commission	526 211	
c) Balance due to Germany from France and Belgium under the postal agreement . . .	476 717	
d) Sundries	65 725	4 299 313
ad **a)**: Total Cash Payments (1—6) . . .		1 780 016 456

b) Payments in Kind.

7. Coal and Coke. Up to December 31st, 1922, Germany delivered roughly 54 million tons of coal and coke. Putting the ratio of coke to coal at 1 to $1^1/_3$, the value of the total deliveries at world-market prices (English f. o. b. prices) works out at . . . . . 2 424 400 000 ℳ

The Reparation Commission credits these deliveries at the German inland prices, which are very much lower. But through these deliveries German industry suffers an actual loss equivalent to the world-market price. Moreover, for the large supplies which she is forced to import from abroad by the shortage of coal within her own borders, Germany has to pay the world-market price, too.

8. By-products of Coal (benzol, tar, ammoniac) sent to France, Belgium and Italy, calculated at world-market-prices . 43 000 000 ℳ

Here, again, only the lower home price is credited to Germany.

9. Dye-stuffs and Pharmaceutical Products of all kinds. The world-market figure of these highly valuable deliveries made by the German chemical industry and comprising items of the most varied character is estimated by experts at about . . . . . 200 000 000 ℳ

As a result of special stipulations in the Treaty of Versailles, only a smaller amount is booked to Germany's credit.

10. Livestock. The deliveries included: 101 310 horses, 175 056 cattle, 221 589 sheep, 21 441 goats, 245 700 poultry.

This livestock, withal, was of a high quality and very valuable. In large measure, it had to be purchased abroad, as the German studs, especially in regard to milch cows, did not provide a sufficient number of animals of the desired high standard.

At a fair price, this livestock must be valued at 274 194 000 ℳ

The Reparation Commission, however, intends to credit Germany only with the preferentially low figure at which the Belgian and French Governments supplied this stock to their nationals.

11. Agricultural Implements of all Kinds 31 040 000 ℳ

12. Reconstruction Deliveries. These comprise numberless goods and wares claimed by the various Entente States for restoration purposes in the devastated districts and for the further development of their industries. It is not possible to mention the goods individually; the list ranges from printing paper, sugar and incandescent bulbs through the whole domain of industrial products to complete rolling-mills and factories; above all, the timber deliveries demand special mention.

a) In the main, the deliveries were made by the German government to the recipient States (Treaty deliveries). The value of these goods amounts to . . . . . 283 300 000 ℳ

b) Besides the above, however, the nationals of the Entente States have been able to buy directly from the German producer under the Cuntze-Bemelmans and Ruppel-Gillet agreements. These latter deliveries amount to . . . . . 7 386 794 ℳ

13. Deliveries of books and manuscripts to the University Library at Louvain and of valuable paintings to Belgium (Ghent altar) . . 13 758 585 ℳ

14. Ships.

a) Sea-going Vessels. Germany has not only surrendered all her larger merchant vessels present in her waters at the close of the war, but has also built for the Entente States a large tonnage of new vessels. Besides this, under the Treaty of Versailles, she had to renounce her property of the vessels detained by the Entente States in their waters (so-called embargo vessels). Finally, in conformity with the sanctions of the Scapa Flow Note, she had to hand over considerable quantities of dock and harbour material. These deliveries comprise:

1. 625 sea-going vessels (incl. new constructions) with a tonnage of 2 595 752 G.R.T. to a value of . . .	3 326 479 353 ℳ
2. Embargo vessels transferred to the Allied States: 191 vessels of 817 763 G.R.T. to a value of	1 245 250 000 ℳ
3. Floating docks, dredgers, cranes, tugs etc., roughly 220 000 tons to the value of	72 474 000 ℳ
Total . . .	4 644 203 353 ℳ

For these deliveries of vessels Germany claims credit in the reparation account. The list of losses of merchant ships suffered by Germany is, however, not exhausted hereby. It must be remembered that the United States also detain 96 German vessels of 589 085 G.R.T. valued at 1 250 700 000 gold marks.

The appraisal of the vessels transferred is based upon the peace-time value of each ship augmented by a factor corresponding to the general increase of prices at the time of transfer (gold depreciation factor).

The Reparation Commission has appraised the German ships at a considerably lower figure, although the Commission, in presenting the claim for ex-enemy vessels sunk by Germany, permitted valuations far in excess of the sum which it will now grant the German government for vessels of an equal value: for instance, England's claim for lost steamships of 7 745 654 G.R.T. was 527 889 000 pounds sterling or more than 10 500 million gold marks.

b) Inland Vessels.

1. Inland vessels left in the former occupied territories	78 000 000 ℳ
2. Inland vessels and harbour installations appraised by special arbitrators designed by the Reparation Commission at a figure which yields	31 237 715 ℳ
Total . . .	109 237 715 ℳ

15. Railway Material.

a) Railway material had been delivered by Germany under the Armistice Agreement even before the ratification of the Treaty of Versailles. The deliveries from German stocks are to be valued at 1 122 535 908 ℳ

This estimate is at present a subject of negotiation with the Reparation Commission, which values the deliveries provisionally only at 829 266 050 gold marks.

b) Further, Germany in accordance with article 371 of the Treaty of Versailles delivered railway material for the equipment of the ceded territories, valued at . . . . . 805 407 866 ℳ

Of this material (80 538 trucks and 2955 locomotives) the Reparation Commission has so far credited only a small part (5663 trucks and 2387 locomotives).

16. Motor Lorries. Under the Armistice Agreement, the 5000 motor lorries delivered have the value of. . . . . 115 673 853 ℳ

The Reparation Commission intends to credit a far lower figure, arguing that the motor lorries in full working order including equipment are worth only 3500 gold marks apiece.

17. German War Material (Scrap) sold by the Reparation Commission. The war material to be surrendered in conformity with the Treaty of Versailles was rendered useless by Germany. This useless material (chiefly scrap) was delivered to the Reparation Commission, and sold. The material is valued by experts at 200 000 000 ℳ

Only the value of this scrapped material and not the full value of the original is to be credited to Germany by the Reparation Commission.

18. British Reparation Levy. Under the Reparation Recovery Act of April, 1921, the British importer of German goods is bound to pay to his government 26 % of the purchase price. The German supplier receives from the German Government the equivalent of this amount, which means that 26 % of the goods exported by Germany to Great Britain are delivered gratis as a reparation payment. The value of the goods so delivered amounts to . . . . . 163 160 182 ℳ

19. Non-military Stores abandoned on the Western Front. The movable property alone has been taken into consideration. It is impossible to enumerate the goods individually owing to the great variety of the items. The traffic and railway material is especially worth noticing. A comparison of prices for similar material at the time of delivery showed the value of the goods delivered to be . . . . . 1 819 150 387 ℳ

The Reparation Commission is will only credit the actual proceeds of the sale of the abandoned material. In this way Germany would be unjustifiably made liable for the losses by theft, want of care in storing etc. after the retirement of the German troops.

20. Private Cables.

The ceded private cables are worth at least . . . 77 800 000 ℳ
As to the figure to be finally settled negotiations are still pending with the Reparation Commission.

21. Securities.

a) The ceded shares of the Moroccan State Bank to be valued at . . . . . 642 671 ℳ

b) The rights and interests of German nationals in public utility undertakings or in concessions operating in Russia, China, Turkey, Austria, Hungary or Bulgaria or their colonies, ceded in conformity with Article 260 of the Treaty of Versailles. The nominal value of these securities stands at*) . . . . . 392 000 000 ℳ

Total . . . 392 642 671 ℳ

22. Saar Mines. Insofar as the coal deposits are being exploited, their value is calculated on the basis of the pre-war profits. The extremely extensive unexploited coal-fields have been valued at the usual rate for unexploited deposits, viz., a few pfennigs per ton. The values as for July, 1914, have been computed

for mines working . . . . . 442 000 000 ℳ
for unexploited fields . . . . . 574 000 000 ℳ

Total . . . 1 016 000 000 ℳ

The reduced purchasing power of money which has led to a general rise in the level of prices on the world market has been so far not taken into consideration. The claims ceded by the German Administration of Mines, collected by the French Administration and valued at 1 126 890 gold marks, should here be added. making the sum total for the Saar mines . . . . . 1 017 126 890 ℳ

23. Ceded Property of the Reich and its Component States.

a) The property of the Reich and the Prussian State in the territories ceded to Denmark, Poland, Lithuania (Memel-territory), Czechoslovakia andt he Free State of Danzig is extremely manifold in character, of great importance being the numerous premises and buildings of the Army and Navy Services (garrisons, aerodromes etc.), the total equipment and buildings of the Postal and Railway Services, Courts of Law, Prisons, the extensive institutions of the Interior and Financial Administrations, as well as churches and schools.

*) Provisional figures. Owing to differences of opinion between the German Government and the Reparation Commission, matters have been laid before an arbitrator, who will decide what sorts of securities shall be delivered.

At a cautious estimate, they would figure out at 4 960 915 293 ℳ
The true value, however, is decidedly higher, on account of the general rise in the world-market prices.

Up till now the Reparation Commission has arrived at no definite figure for these cessions, Memel and the ceded portions of Upper Silesia, for example, not yet being put to account; hence the figures so far published by the Commission cannot be regarded as final.

b) Further, there is the value of the Rhine bridges ceded to France by Germany . . . . . 9 610 690 ℳ

c) and the property of the German Reich abroad (Shameen, Shanghai, Kiaochow) . . . . . 61 580 049 ℳ

Total . . . 5 032 106 032 ℳ

24. Share of the German Imperial Debt and State Debt in the Ceded Territories. By international law, the State to which another State cedes a portion of its territory is expected to take over a portion of the State debt corresponding to the size of the said territory, a rule that is valid, too, for States which have acquired territory from Germany under the Treaty of Versailles, France being excepted by special provisions.

But the Treaty of Versailles provides that the claims thus accruing to Germany shall not be settled by payment to Germany; the payments are to be made to the Reparation Commission and credited to Germany's reparation account.

The debts falling to the share of Belgium, Denmark, Danzig, Poland, Lithuania and Czechoslovakia total . . . . . 644 414 415 ℳ

Of this sum, ℳ 483 011 500 has been fixed by the Reparation Commission; the balance (unconsidered in that fixation) is composed of the debts to be shared by Upper Silesia, Schleswig and the Memel Territories. Alsace-Lorraine has not been taken into account.

25. Cession of Germany's Claims on her Former Allies. In conformity with article 261 of the Treaty of Versailles, Germany has transferred the whole of her claims on her former Allies to the Allied and Associated Powers.

The claims, all in all, amount to 9 146 000 000 ℳ, from which, however, the counterclaims of Germany's allies must be deducted, which for Austria-Hungary amount to 546 000 000 ℳ: the amounts for Bulgaria and Turkey have not yet been determined.

Under reservation of the reduction by the counterclaims of the last-mentioned States, the claims to be credited to Germany amount to . . . . . 8 600 000 000 ℳ

It should be remembered that, by international law, the States newly formed in the territories of Germany's former allies are liable for these claims. The said German claims form a counterpart to the Inter-Allied debts.

26. German Private Property Abroad subject to Liquidation. Within the total Area of the Entente States, German private property is, by the Treaty of Versailles, subject to liquidation even after the conclusion of peace. According to careful estimates the value of the said private property consisting of numerous individual holdings is about . . . . . 11 740 000 000 ℳ

The German property in the United States of America, in Russia, Brazil and Cuba has not been considered, its final valuation not yet being fully determined.

(Be it noted, in comparison, that France, in her War Damages claim presented to Germany, demanded for French property lost during the War in Turkey an indemnity of 1 125 000 000 frcs.)

The liquidation proceeds are, in the first place, charged with claims of Allied nationals for damages suffered in Germany and with clearing payments debited to Germany, the remainder alone being credited to reparation account. The amount to which these credits will run cannot yet be determined, being moreover of importance only in regard to the settlement with the Reparation Commission. Germany has doubtless lost these properties by the liquidation, whether they are applied to indemnify Allied nationals for damage suffered in Germany, or handed over to the Reparation Commission.

The ex-enemy property in Germany has been, too, under liquidation during the war, yet Germany is bound by Article 297 e of the Treaty of Versailles to pay compensation in full for all damages incurred. Besides the reparation payments proper, the Allied States, by reason of the said obligation, receive full compensation for the losses incurred through liquidation, whereas Germany has no sort of equivalent claims, on the contrary, she has not even the right to protest against the reckless subhastation of German property.

ad b): Deliveries in kind (7—26) total . . . . 39 832 538 651 ℳ

The total reparation deliveries amount to:

I. In cash	1 780 016 456 ℳ
II. In kind	39 832 538 651 ℳ
Total . . .	41 612 555 107 ℳ

B. Payments not to be credited to Reparation Account.

For a number of very crushing burdens arising either out of special provisions of the Treaty or its arbitrary interpretation by the Reparation Commission, no credit whatever is conceded, although they weigh on Germany as heavily as the Reparation deliveries proper.

27. Ceded State Cables. . . . . 1 609 744 ℳ

28. Property of Reich and States in Eupen and Malmedy . . . . . 150 000 000 ℳ

Under special stipulations of the Treaty of Versailles Germany has been refused credit for this property.

29. Restitutions and Substitutions, i. e., restitution of objects requisitioned in the formerly occupied territories as well as substitutes for such objects out of German stores. The value of such deliveries amounts to . . . . . 446 250 000 ℳ

These deliveries contain machinery, implements, live stock, ships, railway supplies and other objects. Among other articles there have been delivered: about 1000 railway carriages, about 39 000 railway trucks, about 118 000 living animals, about 300 000 tons of machinery.

30. Direct Occupation Costs. The costs for the Army of Occupation amount to about 4500 million gold marks. The major portion of this sum has been obtained by the Occupying Powers receiving, through the Reparation Commission, re-imbursement of their expenditure (indirect occupation costs) out of the reparation payments made by Germany (see A above). A certain proportion of the costs, however, has been paid directly by Germany to the Occupying Powers (Direct Occupation Costs), the said costs being above all the so-called advances in marks — paper marks — received directly from Germany by the Occupying Powers and further all payments in kind, such as, barracks, billeting quarters, aerodromes and the like. The Direct Occupation Costs amount to . 895 000 000 ℳ

31. Costs for the Inter-Allied Commissions. These costs charged to Germany under the Peace Treaty amount to 94 000 000 ℳ

32. Warships Surrendered. The value of the warships surrendered in accordance with Articles 184, 185 and 188 of the Treaty of Versailles, apart from those interned at Scapa Flow but including the naval installations ceded to Japan at Tsingtau amounts to about 1 417 000 000 ℳ

33. Non-military Stores abandoned on the Eastern Front. The non-military material left behind by the German army in Poland, Rumania and Jugoslavia has been computed by experts at 1 050 000 000 ℳ

34. Military and Industrial Disarmament.

a) Military Disarmament. Under the Treaty of Versailles, the whole of the German arms, munitions and war material for military, naval and air forces beyond what is required for the equipment of the 100 000 men and the few ships allowed to Germany, had to be handed over to the Entente. All special plant intended for the manufacture of military material had to be rendered useless. 600 buildings belonging to the Reich were demolished for this purpose alone and more than 20 000 machines were destroyed. The razing of fortresses provided for has been almost completely carried out, the harbour-works of Heligoland being completely annihilated. The value of this effort and labour (after deducting the scrap value) as credited to Germany on reparation account (vide above No. 17) amounts to about . . . . . 6 250 000 000 ℳ

b) Industrial Disarmament. Over and above the purely military disarmament, in compliance with the demands of the Inter-Allied Commissions almost all the machinery and plant utilized for the production of military material has been destructed; this destruction extended to machine-tools in large quantity which, by remodelling, might have been turned to account for peace purposes. The total value of such plant annihilated by this work of demolition is not to be accurately fixed. Experts, however, estimate the minimum value at . . . . 2 700 000 000 ℳ

35. Clearing Payments. By Article 296 of the Treaty of Versailles Germany is obligated to pay the debts of German private individuals to ex-enemy nationals in gold values by way of Clearing Offices. The Payments Germany has had to effect in cash amount to . . 615 000 000 ℳ

36. Sundries.

a) Reimbursement of sums advanced by municipalities in Alsace and Lorraine during the war for account of the Reich. Continuation of payments of civil and military pensions to Alsace-Lorrainers who have become French.

b) Non-productive Costs for carrying out the Peace Treaty at home (Costs of Frontier Alignment, Plebiscites, Care of Refugees and so forth).

c) 25 % of the value of German exports from October 15th to December 31st. 1921. security paid to the Guarantee Committee.

Total . . . . . 685 895 000 ℳ

Payments and services not to be credited (27—36) total 14 304 754 744 ℳ

The above list contains only the direct payments and services effected by Germany. All the indirect damages caused to Germany's economic life by the Treaty of Verailles have been here neglected. Further, no consideration has been paid to the purely economic value of the ceded districts, although their value, owing to their vast area and economic importance, is exceedingly great, the territories ceded in Europe alone being larger than Belgium, the Netherlands and Luxemburg taken together, the colonies being $5^1/_2$ times the size of the whole German Reich. Without taking into consideration the values last-mentioned, the above list shows to what an enormous extent Germany's productivity has been burdened and weakened by payments and services arising out of the Treaty of Versailles.

Time and again, Germany has proposed to submit to an impartial international forum of experts the valuation of the payments and services rendered: and she is still prepared to do so in the firm conviction that expert opinion would confirm the values arrived at by the careful calculations made use of in the foregoing.

Summary of Germany's Total Payments.

No.	A. Reparation Payments.	Gold marks
1—6.	Cash Payments	1 780 016 456
7.	Coal and Coke	2 424 400 000
8.	By-products of Coal	43 000 000
9.	Dye-stuffs and Pharmaceutical Products	200 000 000
10.	Livestock	274 194 000
11.	Agricultural Implements	31 040 000
12.	Reconstruction Deliveries	290 686 794
13.	Reparations for the University of Louvain (Ghent altar etc.)	13 758 585
14.	Ships (Sea-going Vessels and Inland Craft)	4 753 441 068
15.	Railway Material	1 927 943 774
16.	Motor Lorries	115 673 853
17.	War Material (Scrap)	200 000 000
18.	British Reparation Levy	163 160 182
19.	Non-military Stores abandoned at the West Front	1 891 150 387
20.	Private Cables	77 800 000
21.	Securities	392 642 671
22.	Saar Mines	1 017 126 890
23.	Ceded Property of the Reich and its Component States	5 032 106 032
24.	Share of the Debts of Reich and States	644 414 415
25.	Ceded Claims	8 600 000 000
26.	German Private Property abroad subject to Liquidation	11 740 000 000
		41 612 555 107

B. Other Payments not to be credited to Reparation Account by virtue of the Treaty of Versailles.

27.	State Cables	1 609 744
28.	Property of the Reich and States in Eupen and Malmedy	150 000 000
29.	Restitutions and Substitutions	446 250 000
30.	Direct Occupation Costs	895 000 000
31.	Cost of Inter-Allied Commissions	94 000 000
32.	Warships Surrendered	1 417 000 000
33.	Non-military Stores abandoned on the East Front	1 050 000 000
34.	Military and Industrial Disarmament	8 950 000 000
35.	Clearing Payments	615 000 000
36.	Sundries	685 895 000
		14 304 754 744

Total 55 917 309 851 gold marks, being, in round figures, £ 2 790 000 000.

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